

Downing Strategic Micro-Cap Investment Trust plc

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22 October 2024 Half-Yearly Financial Report for the six months ended 31 August 2024

The Directors of Downing Strategic Micro-Cap Investment Trust plc announce the company's results for the half year ended 31 August 2024.

Key points

- ▶ Wind up of the Company is ongoing, with distributions paid to shareholders totalling 61.7p per share in the six months to 31 August 2024.
- ▶ Declaration of further dividend of 2.2p per share making total dividends distributed and declared of 63.9p.

Financial highlights

	(Unaudited) Six months ended 31 August 2024	(Audited) Year ended 29 February 2024	Change %
Assets			
Net assets (£'000)	3,575	30,627	(88.33%)
Net asset value ('NAV') per Ordinary Share	7.83p	65.71p	(88.08%)
Mid-market price per Ordinary Share	7.18p	62.00p	(88.43%)
Discount	8.37%	5.65%	

	(Unaudited) Six months ended 31 August 2024	(Audited) Year ended 29 February 2024
Revenue		
Revenue return per Ordinary Share	(0.78p)	(1.52p)
Capital return per Ordinary Share	4.48p	(11.45p)
Total return per Ordinary Share	3.70p	(12.97p)

Chairman's Statement

Overview

Your company is well advanced in its programme of managed wind down. At 29 February 2024 net assets were £30.6 million (65.7p per share) and the company's market value stood at £28.9 million (62p per share). By the half-year, 31 August 2024, distributions paid had amounted to 61.7p per share still leaving on today's NAV, 7.4p per share for potential future distributions. Today, 22 October 2024, your board declared a further dividend of 2.2p per share making total dividends distributed and declared of 63.9p per share. The dividend is payable on 22 November 2024 to shareholders on the register at 1 November 2024. The ex-dividend date will be 31 October 2024.

That leaves the company with remaining net assets today of approximately £2.4 million and suggests 68p or more per share in total distributions may be made if the wind down continues undisturbed, plus, as the manager puts it 'potential for further upside gains'. That would be a reasonable outcome in the circumstances.

Events following the announcement of a proposed wind down

We made it clear at the end of last year that both the board and all our larger shareholders were of the view that as your company was small, and its market unappreciated, we should begin the process of a managed wind down, returning capital to shareholders. We put that proposal to shareholders through a circular and a general meeting and received overwhelming approval.

Then in March of this year two of our larger shareholders, and supporters of wind down, sold their respective positions to Milkwood Capital Limited who used their consequent holding to oppose our intended process for implementing that shareholder vote and who then sought to replace the board with their nominees and thereby takeover the direction of your company, and its management contract, for themselves. They failed on both counts. The associated proceedings were nevertheless tiresome and expensive for shareholders.

The actions of shareholders who had actively sought, and supported, wind-up but then sold out to a party intent on denying that for other shareholders raises an interesting stewardship point: shareholder respect needs to be mutual.

Performance

The realisation process by our manager has been run well. Market value has been achieved; liquidity and worth demonstrated. Despite suffering the expense of antagonistic proceedings, we are on course to return cash in excess of the company's NAV at 29 February 2024 and within the timelines set out in our circular of 2 February 2024.

Outlook

Once the remaining investments have been realised (and we are giving our manager scope to do that over the next few months for anticipated value) our objective, preceded by yet a further modest dividend, is to put the company into liquidation. That will require a special resolution early in the new year. If passed that will enable continuing shareholders not just to receive a final distribution from the liquidator, but, if relevant to them, to have a confirmed capital loss which may help in their tax affairs given that Milkwood's behaviour caused us to lose the shareholder resolution providing tax-efficient capital distributions and obliged us to distribute cash by way of dividends instead.

As a general, and sad, observation, one other micro-cap investing plc, with well-respected managers, seems to be facing potential wind-up. The vibrancy, energy and competence of management of micro and small caps call for attention as a source of lifeblood to the UK economy.

Thanks go to colleagues, the company's manager, lawyers and ISCA through, as I said, a tiresome few months.

Hugh Aldous

Chairman

22 October 2024

Investment Manager's Report

In the half year to 31 August 2024, the NAV or total return including dividends paid was up 5.8% to 69.5p against the FTSE AIM All Share up 4.9%. Of this NAV/Total Return, 61.7p had been paid in Special Dividends, in accordance with the managed wind down of the Company approved on 28 February 2024. The remaining NAV was 7.8p as at the period end and reflected holdings in five positions.

The remaining assets, the manager believes, have potential for further upside gains and these are likely to be realised through corporate actions. Both DigitalBox and Centaur have announced new Board Members and have launched Strategic Reviews to maximise value realisation. Real Good Food is in the final stages of administration and there is growing certainty of a return of capital and interest on the Loan Note Instruments, leaving our carrying value of £275,000 looking prudent. In short, we believe that there is value in allowing the remainder of the portfolio to achieve the catalysts for value realisation, and we concur with the Board's timetable for wind-down and eventual liquidation.

Judith MacKenzie

Head of Downing Fund Managers and Partner of Downing LLP

22 October 2024

Investments

As at 31 August 2024

	As at 31 August 2024	As at 29 February 2024	
	Market Value (£'000)	% of Total Assets	% of Total Assets
Centaur Media plc	1,298	36.31	8.09
Digitalbox plc	736	20.59	2.63
Real Good Food 12% Loan Notes	275	7.69	0.90
Synectics plc	98	2.74	10.98

Norman Broadbent plc	36	1.01	1.99
Voilex plc	-	-	8.30
Flowtech Fluidpower plc	-	-	6.68
FireAngel Safety Technology Group plc	-	-	6.48
Equals Group plc	-	-	5.57
National World plc	-	-	4.57
Ramsdens Holdings plc	-	-	3.30
Journeo plc	-	-	2.71
TheWorks.co.uk plc	-	-	2.27
Hargreaves Services plc	-	-	1.04
Inspects Group plc	-	-	0.95
Total investments	2,443	68.34	66.46
Cash	482	13.48	34.16
Other net current assets	650	18.18	(0.62)
Total assets	3,575	100.00	100.00

All investments are in Ordinary Shares and traded on AIM or the Main Market unless indicated. As at 31 August 2024, DSM held investments in 5 companies (29 February 2024: 15). Details of the equity interests comprising more than 3% of any company's share capital are set out in note 9 below.

The table above includes net current assets of £1,132,000 (29 February 2024: £10,273,000) that are also disclosed in the Statement of Financial Position.

Interim Financial Statements

Condensed Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 31 August 2024

	(Unaudited) Six months ended 31 August 2024			(Unaudited) Six months ended 31 August 2023			(Audited) Year ended 29 February 2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments at fair value through profit or loss	-	2,207	2,207	-	(3,225)	(3,225)	-	(5,219)	(5,219)
Investment income	254	-	254	415	-	415	664	-	664
	254	2,207	2,461	415	(3,225)	(2,810)	664	(5,219)	(4,555)
Investment management fee	(37)	(143)	(180)	(31)	(123)	(154)	(47)	(189)	(236)
Impairment expense	-	-	-	-	-	-	(451)	-	(451)
Other expenses	(577)	-	(577)	(303)	(29)	(332)	(884)	-	(884)
	(614)	(143)	(757)	(334)	(152)	(486)	(1,382)	(189)	(1,571)
(Loss)/profit before taxation	(360)	2,064	1,704	81	(3,377)	(3,296)	(718)	(5,408)	(6,126)
Taxation	-	-	-	-	-	-	-	-	-
(Loss)/profit for the period	(360)	2,064	1,704	81	(3,377)	(3,296)	(718)	(5,408)	(6,126)
	Revenue (p)	Capital (p)	Total (p)	Revenue (p)	Capital (p)	Total (p)	Revenue (p)	Capital (p)	Total (p)
(Loss)/earnings per Ordinary Share	(0.78)	4.48	3.70	0.17	(7.07)	(6.90)	(1.52)	(11.45)	(12.97)

The total column of this statement represents the Statement of Comprehensive Income of the company prepared in accordance with international accounting standards and in conformity with the requirements of the Companies Act 2006.

The supplementary revenue and capital return columns are prepared under guidance published by the Association of Investment Companies ('AIC').

The (loss)/profit for the period disclosed above represents the company's total comprehensive income. The company does not have any other comprehensive income.

All items in the above statement are those of a single entity and derive from continuing operations. No operations were acquired or discontinued during the period.

required or circumstances during the period.

Condensed Statement of Changes in Equity

for the six months ended 31 August 2024

	Share capital	Capital redemption reserve	Special reserve	Capital reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Year ended 29 February 2024 (Audited)						
At 28 February 2023	52	4	54,474	(16,028)	(147)	38,355
Return for the year	-	-	-	(5,408)	(718)	(6,126)
Buyback of Ordinary Shares	-	-	-	(1,582)	-	(1,582)
Expenses for share buybacks	-	-	-	(20)	-	(20)
As at 29 February 2024	52	4	54,474	(23,038)	(865)	30,627

Six months ended 31 August 2024 (Unaudited)

At 29 February 2024	52	4	54,474	(23,038)	(865)	30,627
Return for the period	-	-	-	2,064	(360)	1,704
Buyback of Ordinary Shares for cancellation	(6)	6	(304)	-	-	(304)
Dividends paid (note 10)	-	-	(28,452)	-	-	(28,452)
As at 31 August 2024	46	10	25,718	(20,974)	(1,225)	3,575

Condensed Statement of Financial Position

as at 31 August 2024

	(Unaudited) 31 August 2024 £'000	(Unaudited) 31 August 2023 £'000	(Audited) 29 February 2024 £'000
Non-current assets			
Investments held at fair value through profit or loss	-	32,132	-
	-	32,132	-
Current assets			
Investments held at fair value through profit or loss	2,443	-	20,354
Trade and other receivables *	813	10	63
Cash and cash equivalents	482	1,914	10,463
	3,738	1,924	30,880
Total assets	3,738	34,056	30,880
Current liabilities			
Trade and other payables	(163)	(117)	(253)
	(163)	(117)	(253)
Total assets less current liabilities	3,575	33,939	30,627
Net Assets	3,575	33,939	30,627
Represented by:			
Share capital	46	52	52
Capital redemption reserve	10	4	4
Special reserve	25,718	54,474	54,474
Capital reserve	(20,974)	(20,525)	(23,038)
Revenue reserve	(1,225)	(66)	(865)
Equity shareholders' funds	3,575	33,939	30,627
Net asset value per Ordinary Share	7.83p	71.57p	65.71p

*includes £804,000 in respect of trades awaiting settlement at the period end.

Condensed Statement of Cash Flows

for the six months ended 31 August 2024

	(Unaudited) Six months ended 31 August 2024 £'000	(Unaudited) Six months ended 31 August 2023 £'000	(Audited) Year ended 29 February 2024 £'000
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Operating activities			
Return/(loss) before taxation	1,704	(3,296)	(6,126)
(Gains)/losses on investments at fair value through profit or loss	(2,207)	3,225	5,219
UK fixed interest income	-	(22)	(12)
Receipt of UK fixed interest income	-	11	27
Impairment expense	-	-	451
Decrease in other receivables	54	78	25
(Decrease)/increase in other payables	(90)	(47)	88
Purchases of investments	-	(2,759)	(2,831)
Sales of investments	19,314	4,340	13,719
Net cash inflow from operating activities	18,775	1,530	10,560
Financing activities			
Buyback of Ordinary shares	(304)	(1,107)	(1,582)
Expenses of for share buybacks	-	(14)	(20)
Dividends paid	(28,452)	-	-
Net cash outflow from financing activities	(28,756)	(1,121)	(1,602)
Change in cash and cash equivalents	(9,981)	409	8,958
Cash and cash equivalents at start of period	10,463	1,505	1,505
Cash and cash equivalents at end of period	482	1,914	10,463
Comprised of:			
Cash and cash equivalents	482	1,914	10,463

Notes

1. General information

Downing Strategic Micro-Cap Investment Trust PLC ('the company') was incorporated in England and Wales on 17 February 2017 with registered number 10626295, as a closed-end investment company limited by shares.

The company commenced its operations on 9 May 2017. The company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

2. Accounting policies

Basis of accounting

The unaudited financial statements for the six months ended 31 August 2024 have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 29 February 2024, which were prepared in accordance with international accounting standards and in conformity with the requirements of the Companies Act 2006.

These Financial Statements are presented in Sterling (£) rounded to the nearest thousand. Where presentational guidance set out in the statement of recommended practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP'), issued by the Association of Investment Companies ('AIC') issued in October 2019 is consistent with the requirements of international accounting standards, the directors have sought to prepare the Financial Statements on a consistent basis compliant with the recommendations of the SORP.

The financial information presented in respect of the six months ended 31 August 2024 and the comparative half-year period ended 31 August 2023 has not been audited. The financial information presented in respect of the year ended 29 February 2024 has been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies. The Auditor's report on those financial statements was unqualified and did not include a statement under sections 498(2) or 498(3) of the Companies Act 2006.

3. Income

	(Unaudited) Six months ended 31 August 2024 £'000	(Unaudited) Six months ended 31 August 2023 £'000	(Audited) Year ended 29 February 2024 £'000
Income from investments			
UK dividend income	193	373	593
UK fixed interest income	-	22	12
Bank interest income	61	20	59
Total	254	415	664

UK fixed interest income in previous periods represents loan note interest receivable from Real Good Food plc and Norman

On fixed interest income in previous periods represents loan note interest receivable from near £500,000 pre and post Broadbent plc.

4. Investment management fee

On 3 April 2024 the board and investment manager agreed that the investment manager's current fee arrangement be amended.

The new fee structure combines a reduction in the base fee with the introduction of further fees that incentivise the investment manager and will also align its interests with those of shareholders, to complete the wind down whilst seeking the best achievable values, at the point of realisation, in a timely fashion in order for the company to return cash to shareholders.

Effective from 1 January 2024 the terms of the investment manager's fee are:

- ▶ a basic management fee at the rate of 0.25 per cent. per annum of the company's market capitalisation payable monthly;
- ▶ a capital return fee of 0.50 per cent. of distributions made to shareholders;
- ▶ an equity appreciation fee payable only on completion of the investment manager's realisation process equal to 2.5 per cent. of all amounts (if any) by which total distributions to shareholders exceed the net asset value of the company as at the date shareholders approved the New Investment Policy to encourage achieving value appreciation,
- ▶ subject to an overall cap on total fees payable to the investment manager in any 12-month period equal to 4.9 per cent. of the market capitalisation (or NAV if lower) of the company as at the date shareholders approved the New Investment Policy.

The notice period required to be given by the company in the event the company wishes to terminate the Investment Management Agreement remains at 6 months. Protective notice was given to the manager in August 2024. Shorter notice may be provided so long as the investment manager receives payment in lieu of such notice on the basis of the basic management fee. All the other key commercial terms of the Investment Management Agreement will remain unchanged.

	(Unaudited) Six months ended 31 August 2024 £'000	(Unaudited) Six months ended 31 August 2023 £'000	(Audited) Year ended 29 February 2024 £'000
Investment management fee			
Revenue	37	31	47
Capital	143	123	189
Total	180	154	236

5. Basic and diluted return per Ordinary Share

Returns per Ordinary Share are based on the weighted average number of shares in issue during the period. As there are no dilutive elements on share capital, basic and diluted returns per share are the same.

	(Unaudited) Six months ended 31 August 2024		(Unaudited) Six months ended 31 August 2023		(Audited) Year ended 29 February 2024	
	Net return £'000	Per share Pence	Net return £'000	Per share Pence	Net return £'000	Per share Pence
Revenue (loss)/return	(360)	(0.78)	81	0.17	(718)	(1.52)
Capital gain/(loss)	2,064	4.48	(3,377)	(7.07)	(5,408)	(11.45)
Total gain/(loss)	1,704	3.70	(3,296)	(6.90)	(6,126)	(12.97)
Weighted average number of Ordinary Shares ¹	46,001,632		47,770,423		47,242,771	

¹Excluding treasury shares

6. Net Asset Value per Ordinary Share

NAV per Ordinary Share is based on net assets at the period end and 45,645,241 (31 August 2023: 47,421,927, 29 February 2024: 46,608,486) Ordinary Shares, being the number of Ordinary Shares in issue excluding treasury shares at the period end.

	(Unaudited) 31 August 2024		(Unaudited) 31 August 2023		(Audited) 29 February 2024	
	NAV per share Pence	NAV attributable £'000	NAV per share Pence	NAV attributable £'000	NAV per share Pence	NAV attributable £'000
Ordinary Shares: Basic and diluted	7.83	3,575	71.57	33,939	65.71	30,627

7. Investments

	(Unaudited) Six months ended 31 August 2024 £'000	(Unaudited) Six months ended 31 August 2023 £'000	(Audited) Year ended 29 February 2024 £'000
Opening book cost	33,603	42,440	42,440
Opening UK fixed interest income at fair value through profit or loss	-	466	466
Opening investment holding losses	(13,249)	(5,979)	(5,979)
Opening valuation	20,354	36,927	36,927
Movements in the year			
UK Fixed interest income at fair value through profit or loss	-	22	12
Receipt of UK fixed interest income	-	(11)	(27)
Impairment of accrued loan note interest receivable	-	-	(451)
Investment purchases at cost	-	2,759	2,831
Disposals:			
Proceeds	(20,118)	(4,340)	(13,719)
Net realised (losses)/gains on disposals	(3,231)	(898)	2,051
Movement in investment holding losses	5,438	(2,327)	(7,270)
Closing valuation	2,443	32,132	20,354
Closing book cost	10,254	39,961	33,603
Closing UK fixed interest income at fair value through profit or loss	-	477	-
Closing investment holding losses	(7,811)	(8,306)	(13,249)
Closing valuation	2,443	32,132	20,354
Realised (losses)/gains on disposals	(3,231)	(898)	2,051
Movement in investment holding losses	5,438	(2,327)	(7,270)
Gains/ (losses) on investments held at fair value through profit or loss	2,207	(3,225)	(5,219)

8. Fair Value Hierarchy

Financial assets and financial liabilities of the company are carried in the statement of financial position at their fair value. The fair value is the amount at which the asset could be sold, or the liability transferred in a current transaction between market participants, other than a forced or liquidation sale. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices and Stock Exchange Electronic Trading Services ('SETS') at last trade price at the Statement of Financial Position date, without adjustment for transaction costs necessary to realise the asset.

The company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Quoted prices provided by external pricing services, brokers and vendors are included in Level 1 if they reflect actual and regularly occurring market transactions on an arm's length basis.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 2 inputs include the following:

- ▶ Quoted prices for similar (i.e. not identical) assets in active markets.
- ▶ Quoted prices for identical or similar assets or liabilities in markets that are not active. Characteristics of an inactive market include a significant decline in the volume and level of trading activity, the available prices vary significantly over time or among market participants or the prices are not current.
- ▶ Inputs other than quoted prices that are observable for the asset (for example, interest rates and yield curves observable at commonly quoted intervals).
- ▶ Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market-corroborated inputs).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
31 August 2024 (Unaudited)				
Quoted on the Main Market	1,298	-	-	1,298
Traded on AIM	870	-	-	870
Unquoted Loan Notes	-	-	275	275
	2,168	-	275	2,443
29 February 2024 (Audited)				
Quoted on the Main Market	4,574	-	-	4,574
Traded on AIM	15,505	-	-	15,505
Unquoted Loan Notes	-	-	275	275
	20,079	-	275	20,354
31 August 2023 (Unaudited)				
Quoted on the Main Market	5,082	-	-	5,082
Traded on AIM	21,872	-	-	21,872
Unquoted Equity	-	-	829	829
Unquoted Loan Notes	-	-	4,349	4,349
	26,954	-	5,178	32,132

There were no transfers between Level 1 and Level 2 during the period.

A reconciliation of fair value measurements in Level 3 is set out in the table below.

	(Unaudited) Six months ended 31 August 2024 £'000	(Unaudited) Six months ended 31 August 2023 £'000	(Audited) Year ended 29 February 2024 £'000
Opening balance	275	4,923	4,923
Purchases	-	500	500
Sales proceeds	-	(103)	(207)
UK Fixed interest income at fair value through profit or loss	-	22	12
Receipt of UK fixed interest income	-	(11)	(27)
Impairment of accrued loan note interest receivable	-	-	(451)
Total gains/(losses) included in losses on investments in the Statement of Comprehensive Income:			
- on assets sold	-	3	7
- on assets held at the period end	-	(156)	(4,482)
Closing balance	275	5,178	275

9. Significant Interests

As at 31 August 2024, the Company held interests amounting to 3% or more of the equity in issue by the following investee companies.

	% of investee company
Digitalbox plc	19.50%
Real Good Food Company plc (in administration)	7.52%

10. Dividends paid in the period

	Six months ended 31 August 2024 £'000	Year ended 29 February 2024 £'000
Dividends paid during the period:		
First special interim dividend 30p per share - paid 26 April 2024	13,983	-
Second special interim dividend 12p per share - paid 21 June 2024	5,477	-
Third special interim dividend 17.5p per share - paid 18 July 2024	7,988	-
Fourth special interim dividend 2.2p per share - paid 23 August 2024	1,004	-

Fourth special interim dividend 2.2p per share - paid 23 August 2024	2,004	-
Total	28,452	-

The Directors did not recommend the payment of a final dividend for the year ended 28 February 2024.

11. Post Balance Sheet Event

On 22 October 2024, your board declared a further dividend of 2.2p per share payable on 22 November 2024 to shareholders on the register at 1 November 2024. The ex-dividend date will be 31 October 2024.

Interim Management Report

The directors are required to provide an interim management report in accordance with the UK Listing Authority's Disclosure and Transparency Rules ('DTR'). They consider that the Chairman's Statement and the Investment Manager's Report of this Half-Yearly Financial Report, the following statements on principal risks and uncertainties; related party transactions; and basis other than going concern, together with the directors' Responsibilities Statement below together constitute the interim management report for the company for the period ended 31 August 2024.

The company is required to make the following disclosures in its Half-Yearly Financial Report.

Principal Risks and Uncertainties

The principal risks faced by the company fell into the following broad categories: investment performance; operational; financial; and legal and compliance. The board reported on the principal risks and uncertainties faced by the company in the Annual Report for the year ended 29 February 2024. Information on each of these areas can be found in the strategic report on pages 34 to 37 and in note 14 on pages 79 to 82 of the Annual Report available on the company's website at www.downingstrategic.co.uk/.

Related Party Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or performance of the company during the period.

Basis other than going concern

As stated on page 32 of the 2024 Annual Report, at a General Meeting of the company held on 28 February 2024 shareholders voted to adopt a new investment policy and the Company will be managed with the intention of realising all remaining assets in the Company's portfolio in a prudent manner consistent with the principles of good investment management and with a view to returning cash to shareholders in an orderly manner. Once this process has been completed the directors' intention would be to place the company into liquidation. Given this, the Financial Statements have been drawn up on a basis other than that of a going concern.

In preparing the Financial Statements on a basis other than that of a going concern the following amendments have been made:

- 1) As the investments are expected to be realised within 12 months from the reporting date, they have been reclassified from non-current to current assets. The board has concluded that no adjustments to the value of investments is required and that the bid price remains appropriate.
- 2) A provision for the costs of liquidation of £25,000 has been made.

Directors' Responsibility Statement

The directors confirm that, to the best of their knowledge, the condensed set of financial statements contained within the Half-Yearly Financial Report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the Half-Yearly Financial Report includes a fair review of the information required by:

- DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
- DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

Hugh Aldous

Chairman

22 October 2024

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